Date: July 20, 2000

To: Executive Committee and Council of Botanical Society of America
   Pam Soltis, Secretary of Botanical Society of America (psoltis@wsu.edu)
   Doug Soltis, President of Botanical Society of America dsoltis@wsu.edu

From: 1999-2000 Financial Advisory Committee: Joe Armstrong (2000; jearm@wsu.edu)
      Charles Daghlian (2001; daghlian@dartmouth.edu), Jack Horner (Chair
      hth@iastate.edu), Judy Jernstedt (2001; jjernstedt@ucdavis.edu), Edith Tayan
      etaylor@ukans.edu), and Ed Schneider (Treasurer, ex officio, 2001;


The FAC has the responsibility of managing the BSA Endowment Fund. The
invested through Salomon Smith Barney (SSB) and are divided among (as of
Money Funds & Dividends $    239,259.35
Mutual Funds . . . . . . . . . $1,553,233.06
Certificates of Deposit .$. . $75,000.00
Total$1,867,492.41

The BSA Endowment fund, including special accounts, has grown 31% since
($1,423,622) and has grown 111% since its inception 6.5 years ago (12/93
represents an average increase of about 17% per year.

The FAC did make several changes in the Endowment investments during the
it did enter into dialogue with SSB regarding the management strategy of Fund. This dialogue will be highlighted at a meeting in Portland, OR of FAC. A variety of topics will be discussed to further improve the inveso
of the Endowment Fund.

The BSA has received a generous gift of more than $200,000 (last payment
from the estate of Richard and Deana Klein, longtime members of the BSA. featured in the last PSB dealing with their gift and the Endowment Fund.

The FAC anticipates that the market will remain strong for this coming y anticipates that the growth of the Endowment Fund will equal or exceed i

Recommendation 1: The FAC recommends that $27,841 be used from the Endow the special initiatives during the 2000-2001 fiscal year, as determine Committee and Council per Guideline 4. (see below).

Recommendation 2: The FAC recommends that an endowment letter and brochu Fall to selected members of the BSA per Guideline 3. (see below) for the the Endowment Fund.
Request: The FAC requests a sum of $1500 (actually $1000) to cover the cost letter and the postage to mail it to selected members. $500 has already discretionary funds to develop the brochure.

The Endowment Fund Guidelines and Interest Earnings for Special and Sector presented to clarify decisions related to the operating procedures of the determinations by the BSA Treasurer of how 1) the annual amount for BSA determined; and 2) the annual interest percentages for the special and securities determined.

The Endowment Fund Guidelines – They were approved in August, 1997 and at August, 1998 and August 1999:

1. Purpose of Endowment Fund: The purpose of the Endowment Fund is to increase assets of the Society in order to provide income to fund major initiatives, scholarships, and other activities that enhance the effectiveness of the (see Bylaws). The Financial Advisory Committee (FAC) is responsible to Executive Committee and the Council to manage the Endowment Fund. The FAC recommends for use of the Endowment Fund.

2. Contributions to Endowment Fund: All monetary gifts, stocks, and bonds "Endowment Fund" shall be immediately deposited in either the Endowment Fund or in the Endowment Fund directly, and then invested in a timely fashion such as property, shall be individually handled by appropriate legal processes for the Endowment Fund.

3. Solicitation of Membership to Contribute to Endowment Fund: Solicitation in two ways: first, the membership will be provided 'purpose and giving' of the PSB and on the annual membership dues form; second, a more select membership that includes long-time (>20 years) members, and members who are older, will be individually solicited once every other year (odd-numbers).

4. Use of Endowment Fund Income: The value of the BSA Endowment Fund (all non-sectional funds) will be averaged over the previous twelve (12) quarters. The 'usable income' available for use during the next fiscal year will be the average of the 12 quarters averaged total value, and this amount will be the usable income for the purpose of generating income such that it is met. If growth is too slow, the % 'usable income' will be adjusted accordingly. Any unallocated or unused by the end of the fiscal year (June 30) will be returned to the Endowment Fund principle. As a means of checks and balances, the % allocated for growth is determined by the FAC in keeping with its charge to increase the value of the Endowment Fund. Use of the Endowment Fund 'usable income' must be approved by the Council (see Guideline 5. of Endowment Fund Guidelines).

5. Approval of use of Endowment Fund: Any member, committee, section, or Society may submit a request to use the Endowment Fund for purposes outl
request(s) must be submitted to the Executive Committee for consideration by the Council. The Council at its regular meeting in August, or at a special mail vote in unusual circumstances, will act on the recommendation(s). Recommendation(s) by the latter three ways will be determined by a majority of council members. If the recommendation(s) is/are approved, the Treasurer is empowered to distribute the money according to the approved recommendation. If the member of either the Executive Committee or the Council submits a recommendation, the Treasurer is excused from voting on the recommendation.

Summary of How Interest Earnings for Section Accounts and Special Funds by (adopted in 1999):

Section cash accounts with the balance of over $1,000 will earn 2% quarterly interest.

All special funds with a balance of $2,500 or greater will earn the same rate as the Society’s Salomon Smith Barney portfolio. Please note that in some cases, there may be an actual loss of funds, but based on historical averages, each section is expected to grow their special fund account(s). Those sections whose balance is below the threshold of $2,500 are recommended to move the special fund balance into the cash account fund and take advantage of the higher rate of return.

Bsal: 2000facreport